Statement from U.S. Rep. Ed Pastor on

'Yes' Vote on Emergency Economic Stabilization Act

WASHINGTON -- The following is a statement from U.S. Rep. Ed Pastor, D-Ariz.:

"When the House voted on the credit markets rescue bill on Sept. 29, I opposed the measure which failed by a vote of 205 to 228. As I said at the time, I recognized that the nation’s credit lines were going dry and creating a situation that jeopardized the economic well-being of all citizens. But I had concerns that we were being required to vote without adequate time to compare that proposal with other alternatives or receive input from financial experts.

"Following the defeat of that bill, we have witnessed chaos in the financial marketplace with comparisons to the Depression of the past century, led by the Dow Jones industrials plunging almost 778 points. This was the worse single-day loss in the history of the nation, including the days following Sept. 11, 2001. While many believe, myself included, this just rewards career financiers who made the choice to participate in risky behavior, the impact of those actions now ripple out well beyond Wall Street. The tightening credit, bank failures, and an erratic stock market now impact the ordinary citizen, including those who have never missed a mortgage payment or who paid their credit card charges in full every month. The value on the pension and insurance funds of these honest, hard-working individuals is diminishing, their jobs are at risk, and their small businesses are being denied the bank loans they have commonly relied on in the past. As much as I regret it, Congress had to act now to stabilize the credit markets and prevent the kind of panic that would ensure the collapse of our financial structure.

"The measure presented for consideration today, which I supported, will be instrumental to bringing our financial markets back onto a healthy path. For example, I was pleased to see the Securities and Exchange Commission indicate on Oct. 1 that it intends to use the authority granted in the bill to suspend mark-to-market accounting. This simple action of listing assets at their long-term full-worth will not cost taxpayers a dime, but will allow banks' balance sheets to reflect a more accurate value rat ing, placing them on stable grounds. Another example of vital change is that the bill increases the cap on federally insured bank and credit union accounts from to $250,000 from $100,000. This will stem the reduced liquidity banks are experiencing as small businesses and large depositors withdraw their funds from bank accounts to protect their cash assets.

"In keeping with our need to move the economy forward, I also believe it was critical to support the tax extensions that were included in the final bill. Specifically, the solar energy tax extension is critical to the future of Arizona and our attempt to end our reliance on foreign fossil fuels. In addition, many of the people of the Fourth Congressional District will benefit by the lower threshold for the child tax credit. And, there is no question that middle-income families would be penalized had we not taken the steps to adjust the Alternative Minimum Tax (AMT). Also, college students and their families who are facing the challenge of meeting ever increasing tuition payments will be helped by the extension of the Qualified Tuition Deduction. I believe these tax benefit extensions are critical for creating jobs and helping to ease the tax burden of the average Arizonan.

"These are challenging times, complicated by complex interconnections of a financial system wherein actions on Wall Street can demolish 401(k) retirement accounts and other pension plans for hard-working individuals who have never contacted a stock broker in their life. Although I hoped that more could be done in this second bill, it is the right bill for this time. It will remove unmarketable assets from the financial sector, protect jobs, and restore the confidence in marketplaces necessary for a reli able flow of credit. I will be following up on this action by continuing to push for Congressional hearings to determine the root cause of this economic crisis, strict oversight of the Treasury Department's actions on this bill, and the crafting of new regulations on the financial industry to ensure that we do not find ourselves in this position again."